

SENATE BILL No. 604

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-11.

Synopsis: Income tax credits for property taxes and rent. Provides a refundable credit against the state adjusted gross income tax for an individual taxpayer if the property taxes paid by the taxpayer during the taxable year or an amount equal to 10% of the rent paid by the taxpayer during the taxable year exceeds an amount equal to 3% of the taxpayer's Indiana adjusted gross income. Provides that the credit is phased out for taxpayers with an adjusted gross income of more than \$20,000. Provides that the credit is phased out completely for taxpayers with adjusted gross incomes of \$55,000 or more.

Effective: January 1, 1999 (retroactive).

**Simpson, Craycraft, Hume, Mrvan,
Bowser**

January 21, 1999, read first time and referred to Committee on Finance.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 604

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-3-11 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]: **Sec. 11. (a) As used in this**
4 **section, "property taxes" means property taxes paid by a taxpayer**
5 **during a taxable year on real property that is a dwelling in Indiana**
6 **used by the taxpayer as the taxpayer's principal place of residence**
7 **and that the taxpayer:**

8 (1) owns; or

9 (2) is buying under a contract requiring the taxpayer to pay
10 the property taxes on the real property.

11 (b) As used in this section, "qualified rent" means an amount
12 equal to ten percent (10%) of the amount of rent paid by a
13 taxpayer during a taxable year with respect to a dwelling in
14 Indiana used by the taxpayer as the taxpayer's principal place of
15 residence.

16 (c) As used in this section, "taxpayer" means an individual
17 taxpayer and, if the individual taxpayer files a joint return, the

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IN 604—LS 7808/DI 73+



individual taxpayer's spouse.

(d) Except as provided in subsection (e), a taxpayer with an adjusted gross income of less than fifty-five thousand dollars (\$55,000) for a taxable year is entitled to a credit against the adjusted gross income tax imposed by IC 6-3 for the taxable year equal to the amount determined under the following STEPS:

STEP ONE: Determine the amount of property taxes or qualified rent paid by the taxpayer during the taxable year.

STEP TWO: Multiply the taxpayer's adjusted gross income for the taxable year by three percent (3%).

STEP THREE: Determine the greater of:

(A) the STEP ONE result minus the STEP TWO result; or

(B) zero (0).

STEP FOUR: Determine the greater of:

(A) the taxpayer's adjusted gross income for the taxable year, minus twenty thousand dollars (\$20,000); or

(B) zero (0).

STEP FIVE: Determine the result, expressed as a percentage, of the STEP FOUR result divided by thirty-five thousand dollars (\$35,000).

STEP SIX: Multiply the percentage determined under STEP FIVE by the STEP THREE result.

STEP SEVEN: Determine the greater of:

(A) the STEP THREE result minus the STEP SIX result;

or

(B) zero (0).

(e) If both spouses reside in the same household, only one (1) credit may be claimed by the spouses under this section for the taxable year. However, in the case of a husband and wife who pay property taxes or qualified rent during the taxable year and file separate tax returns, the husband and wife may take the credit in equal shares or one (1) spouse may take the entire credit.

(f) The amount of the credit provided by this section that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the taxpayer may elect to have the excess:

(1) carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the



1 taxpayer under IC 6-3 during those taxable years; or

2 (2) refunded to the taxpayer.

3 (g) If the taxpayer elects to have the unused credit carried over
4 to succeeding taxable years under subsection (f)(1), then each time
5 that the credit is carried over to a succeeding taxable year the
6 unused credit is to be reduced by the amount that was used as a
7 credit during the immediately preceding taxable year. The credit
8 provided by this chapter may be carried forward and applied to
9 succeeding taxable years for fifteen (15) taxable years following the
10 unused credit year.

11 (h) A credit earned by a taxpayer in a particular taxable year
12 shall be applied against the taxpayer's tax liability for that taxable
13 year before any credit carryover is applied against that liability
14 under subsection (f)(1).

15 (i) A taxpayer claiming a credit under this section must supply
16 to the department reasonable proof, as determined by the
17 department, of the property taxes or rent paid by the taxpayer
18 during the taxable year.

19 SECTION 2. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]
20 IC 6-3-3-11, as added by this act, applies to taxable years beginning
21 after December 31, 1998.

22 SECTION 3. An emergency is declared for this act.

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